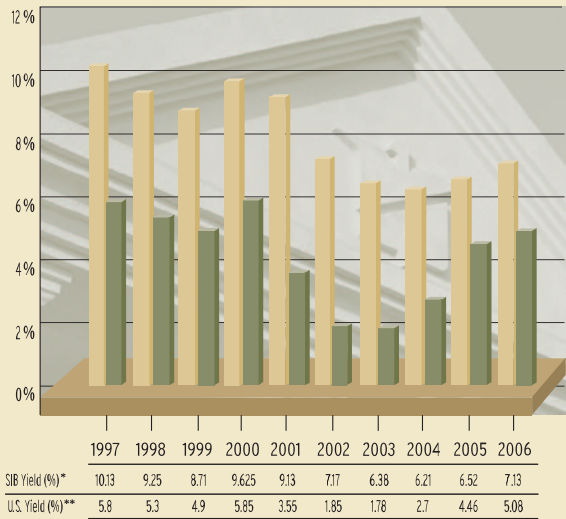


S T A N F O R D I N T E R N A T I O N A L B A N K L T D .

INTEREST RATES 1997 - 2006

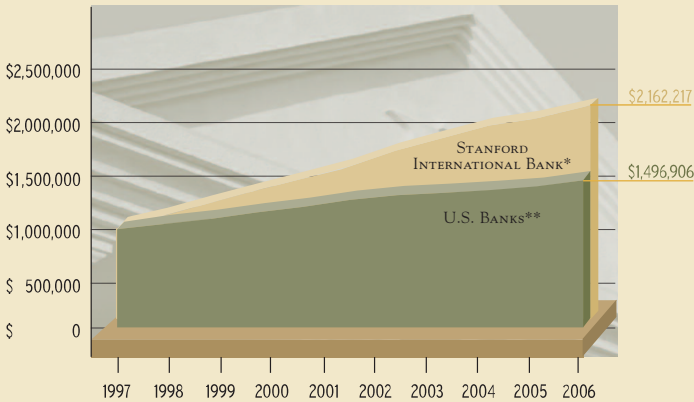


Source: Bloomberg L.P.

Over the past decade,
Stanford International Bank
CDs have outperformed
U.S. bank CDs by an
average of 3.9%

- Stanford International Bank CDs*
(not FDIC-Insured)
- U.S. Bank CD Averages**
(FDIC-Insured)

PERFORMANCE 1997 - 2006



The above graphics are based on a \$1,000,000 deposit invested for 12 months and renewed annually. The information herein has been obtained from sources we believe to be reliable, but we do not offer guarantees as to its accuracy or completeness. Past performance is not a guarantee of future results. All information is subject to change without notice.

* Stanford International Bank Limited CDs are not FDIC-Insured and are not subject to regulation or oversight of any agency of the U.S. government, nor are they subject to any restrictions on how portfolios are invested.

** U.S. Bank CDs are FDIC-Insured and are subject to regulation by an agency of the U.S. government.

S T A N F O R D I N T E R N A T I O N A L B A N K L T D.

SECURE ELECTRONIC ACCOUNT ACCESS

Stanford International Bank offers customers access to their account information 24 hours a day, 365 days a year through our private, password-protected website. We continue to work toward making customer access easier, while maintaining the optimum level of privacy and security.

Our customer-only site will always utilize the most advanced firewall software and encryption technologies available in the financial services industry. This helps ensure the privacy upon which Stanford International Bank has built its reputation. We invite both existing and prospective customers to visit our public website stanfordinternationalbank.com.



ANCILLARY SERVICES

Our high-performance accounts and respect for customer privacy are supplemented by a range of ancillary services available to depositors. These include hold-mail and automatic bill paying, available upon request.

The Bank also issues some of the world's most respected payment instruments: American Express® Gold Card*, Visa® Gold Card and Gold MasterCard®.

*"... access to account
information 24 hours
a day, 365 days a year ..."*

* Offered only to non-U.S. residents.

S T A N F O R D I N T E R N A T I O N A L B A N K L T D.


FIVE-STAR PERSONAL SERVICE

Our Bank was established with a personal service perspective from the very beginning. Individualized attention and a true commitment to depositor needs are standard operating procedure at Stanford International Bank.

Integrity defines our environment, and a firm adherence to an elevated code of values is built into our customer service initiatives. Our private wealth managers speak your language, understand your concerns and discreetly execute your instructions.

Your Stanford private wealth manager can help you diversify into a range of wealth management strategies through our affiliation with the Stanford Financial Group. Expert planning is available in brokerage and investment advisory services, trust administration and insurance.

We invite you to contact us by calling (268) 480-3700.



*"Your Stanford private
wealth manager can help
you diversify into a range
of wealth management
strategies..."*

S T A N F O R D I N T E R N A T I O N A L B A N K L T D.

INNOVATIVE PRODUCTS

ACCOUNT ⁽¹⁾	CURRENCY	WITHDRAWALS	ADDITIONAL DEPOSITS	KEY BENEFITS
FIXEDCDSM ^{(2) (3)} <i>fixed-rate term deposit</i> 3 months 6 months 12 months 18 months 24 months 36 months 48 months 60 months	U.S. dollars Euros Other international currencies	None allowed. Interest accumulates and is paid upon maturity ⁽⁴⁾ Interest may be withdrawn ⁽⁶⁾	None allowed	Attractive CD rates If base rate goes up, eligible balances ⁽⁷⁾ receive the higher rate If base rate goes down, clients receive the original base rate until maturity Interest compounded daily Automatic rollover
FLEXCDSM ^{(2) (3)} <i>fixed-rate term deposit</i> 3 months 6 months 12 months 18 months 24 months 36 months 48 months 60 months	U.S. dollars Euros Other international currencies	Up to 25% of principal with 5 banking days' notice, with a maximum of 4 withdrawals per calendar year ⁽⁴⁾	Allowed (minimum amount required)	Attractive CD rates with added level of flexibility If base rate goes up, eligible balances ⁽⁷⁾ receive the higher rate If base rate goes down, clients receive the original base rate until maturity Interest compounded daily Automatic rollover
INDEX-LINKED CDSM ^{(2) (3)} 3 years 4 years 5 years	U.S. dollars only	Not allowed for the first 12 months; thereafter, withdrawals allowed subject to penalties ⁽⁵⁾	None allowed	Fixed attractive minimum return on investment ⁽⁸⁾ High growth potential ⁽⁹⁾ Preservation of capital
PERFORMANCESM <i>adjustable-rate open-term account</i>	U.S. dollars Euros Other international currencies	Any amount Requires 15 calendar days' notice	Any amount, at any time	Adjustable rate of return with easy access to funds Interest compounded daily
PREMIUMSM <i>adjustable-rate open-term account</i>	U.S. dollars only	Any amount Requires 15 calendar days' notice	Any amount, at any time	Adjustable rate of return with easy access to funds Offers yields equivalent to the performance of selected U.S. Treasury bills and notes Interest compounded daily
EXPRESSSM <i>adjustable market-rate open-term account (offered as a supplementary account to Stanford International Bank clients)</i>	U.S. dollars Euros Other international currencies	Any amount Within 24 hours of notification during regular banking days	Any amount, at any time	24-hour access Market-rate interest on qualifying balances ⁽¹⁰⁾ Interest compounded daily

(1) This information should not be considered an offer. Please contact your Stanford International Bank representative for current account terms and conditions.

(2) For the U.S. Accredited Investor Program, a minimum opening balance of \$50,000 is required.

(3) These CD deposits are subject to restrictions on transferability and resale and, in the U.S., may not be transferred or resold except as permitted under the Securities Act of 1933, as amended, and the applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

(4) For the U.S. Accredited Investor Program, early withdrawal penalties can range from one to three month's interest, depending on the term of the CD. For the FlexCD, penalties will be assessed on withdrawals greater than 25%.

(5) For the U.S. Accredited Investor Program, the redemption price is the current market value of the investment index calculation less a penalty of 10%.

(6) Minimum balance required.

(7) For the U.S. Accredited Investor Program, eligibility is based on a minimum balance of \$250,000.

(8) Interest is paid only at maturity, but may be subject to income taxes in the year it was earned but not received, depending on the tax laws in your jurisdiction.

(9) Returns will be affected by the Market Index you choose and its volatility.

(10) Or currency equivalent.

Stanford International Bank Limited ("SIB") is a private financial institution chartered under the laws of Antigua and Barbuda whose deposits are not covered by deposit insurance protection provided by the U.S. Federal Deposit Insurance Corporation.

SIB's products are ordinary bank deposit obligations and are not securities under U.S. federal or any state law. Therefore, they are not subject to the reporting requirements of any jurisdiction outside of Antigua and Barbuda, nor are they covered by the investor protection or securities insurance laws of any jurisdiction such as the U.S. Securities Investor Protection Insurance Corporation or the bonding requirements thereunder. There is no guarantee investors will receive interest distributions or the return of their principal.

Stanford Group Company may offer SIB CDs to its clients and receive a referral fee from SIB. Referral fees paid do not reduce the principal amount of any CD deposits or any interest earned thereon. Investors who are residents of the U.S. must be accredited investors and may receive this material only when preceded or accompanied by the Disclosure Statement for SIB's U.S. Accredited Investor Certificate of Deposit Program which fully discloses the potential benefits and risks of the investment.



Stanford International Bank Ltd.
A member of the Stanford Financial Group.

Stanford Group Company
Member FINRA and a member of the Stanford Financial Group.



Stanford International Bank Ltd.
No. 11 Pavilion Drive • St. John's, Antigua, West Indies
Tel. 208.480.3700 • Fax 268.480.3737

Stanford Group Company
Member FINRA
5050 Westheimer • Houston, Texas 77056
713.964.8300

stanfordfinancialgroup.com

Members of the Stanford Financial Group.

KVT-4

SGC Percent of Revenue related to SIBL 2004 - 2008

Year to Date	SGC Revenue-Total	SGC Revenue-SIBL CDs	SGC Revenue-SIBL PE Portfolio Advisory Services	SGC Revenue-SFGC/SFGGM Research Fees	SGC Rev-SIBL % of Total
	A	B	C	D	E = SUM(B,C,D) / A
12/31/2004	\$ 65,434,199	\$ 42,925,466	\$ 3,957,439	\$ -	71.65%
12/31/2005	97,775,729	56,786,492	5,420,170	-	63.62%
12/31/2006	171,477,685	88,116,507	7,368,181	16,000,000	65.01%
12/31/2007	204,435,328	77,786,218	8,200,633	17,000,000	50.38%
12/31/2008	245,804,348	94,523,080	13,738,259	21,600,000	52.83%
Total Rev 2004 - 2008	\$ 784,927,289	\$ 360,137,763	\$ 38,684,682	\$ 54,600,000	57.77%

SGC Net Income/(Loss)	SGC Capital Contributions Received
\$ (3,628,184)	\$ 10,000,000
(19,866,431)	21,000,000
(20,509,297)	51,500,000
(27,384,103)	41,750,000
(22,752,483)	51,000,000
\$ (94,140,498)	\$ 175,250,000

KVT-5



Stanford International Bank

The Stanford Financial Group Family of Companies



The Stanford Financial Group of Companies





Qualifying investors are allowed to utilize SIB's management-expertise, capital, infrastructure and other resources to transfer substantially all of their investment risks to Stanford International Bank, with the exception of credit risk.



In exchange for accepting these risks, SIB has the potential to earn greater returns on investor's funds and profit from the difference.

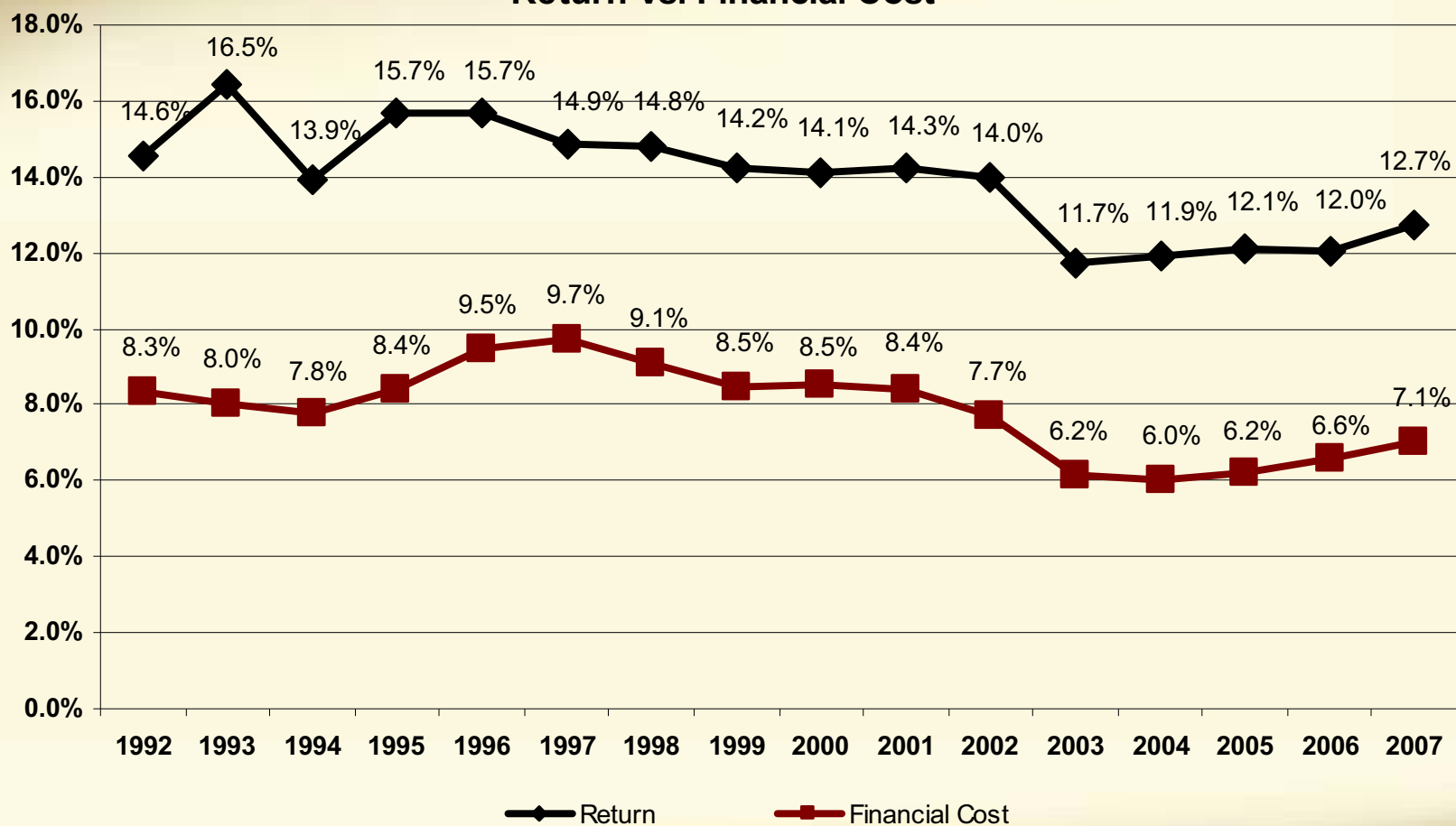


**SIB has successfully managed
these risks to the benefit of its
depositors and itself for over
twenty years.**

SIB Returns



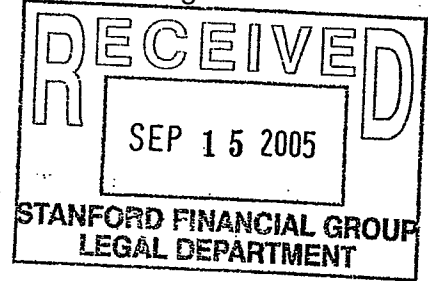
STANFORD INTERNATIONAL BANK
Return Vs. Financial Cost



KVT-6



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
FORT WORTH DISTRICT OFFICE
BURNETT PLAZA, SUITE 1900
801 CHERRY STREET, UNIT #18
FORT WORTH, TEXAS 76102-6882
PHONE: (817) 978-3821 FAX: (817) 978-2809



September 12, 2005

Mr. Jay Comeaux, President
Stanford Group Company
5050 Westheimer
Houston, TX 77056

Re: Stanford Group Company
SEC No. 48611, CRD No. 39285

Dear Mr. Comeaux;

Our examination of Stanford Group Company ("SGC") conducted in October 2004, disclosed the following violations and deficiencies in the firm's operations. As the Staff believes the Stanford International Bank ("SIB") CDs sold by the firm to be securities, all federal securities laws, rules, and regulations apply to SGC, SGC's sales of the products, and the products themselves. Set forth below are areas in which corrective action should be taken, to the extent that it has not been taken, since the time of the examination.

A. Misrepresentations and Omissions – Rule 10b-5

The Staff's review found that SGC made material misstatements to investors concerning the Stanford International Bank ("SIB") CDs, as well as failing to disclose material facts in connection with the sales.

The type of disclosures provided to investors purchasing SIB CDs is dependant upon whether the investor is a U.S. citizen or a foreign national. Regarding U.S. investors, the Staff found the "Disclosure Statement U.S. Accredited Investor Certificate of Deposit Program" ("Disclosure Statement") to contain conflicting information regarding the safety and security of the SIB CDs. While some information contained in the Disclosure Statement indicates the risk of loss in investing in the SIB CDs, other statements imply little or no risk to the investor. The Staff found the statements implying little or no risk to the investor, such as "At maturity of the CD Deposit, we will provide you the principal amount in the CD Deposit plus any accrued and unpaid interest," as well as the section of the document entitled "Guaranteed Rate of Return" to be materially misleading as they inaccurately imply a safety of principal and the guarantee of receipt of interest on the principal.

Regarding foreign investors, the disclosure documents contain material omissions in that they do not definitively state that the CDs are subject to risk of loss. Furthermore, SGC does not send to its foreign customers the Disclosure Statement provided to U.S. citizens, but only a marketing brochure which repeatedly compares the SIB CDs to conventional U.S. certificates of deposit thereby erroneously implying safety and security in the SIB CDs. One illustration compares the growth of a \$1,000,000 investment in a SIB CD for ten years to the growth of a U.S. Bank CD. Another compares interest rates on SIB CDs versus U.S. Bank CDs over a ten-year period along with the notation that "Over the past decade, Stanford International Bank CDs have outperformed U.S. bank CDs by an average of 4.6%." Specific statements regarding the lack of risk are contained throughout the document. While the marketing brochure does note that customer funds are invested into "a portfolio of highly marketable securities", even this indirect allusion to risk is downplayed by statements which claim that such a strategy is in the best interest of SIB investors. Overall, the Staff found that due to the lack of risk disclosure and to the inappropriate nature of the comparisons between the SIB CDs and U.S. bank CDs, the firm had made both material omissions and material misrepresentations in the marketing brochure provided to foreign customers.

B. Unsuitable Recommendations – NASD Rule 2310

The NASD requires that in recommending to a customer the purchase of any security, that the member firm shall have reasonable grounds for believing that the recommendation is suitable as to the customer's financial situation and needs. Since SGC and its representatives do not have the information available to determine the actual investments made with the customers' funds (i.e. the actual and specific investments in the SIB portfolios) and the risk level of the SIB CDs, it cannot know if the product is suitable as to its customer's needs.

C. Failure to Prepare or Obtain Confirmations for SIB CD Transactions - NASD Rule 2230, SEC Rule 10b-10, SEC Rule 17a-3(a)(8), and SEC Rule 17a-4(b)(1)

The firm failed to prepare, obtain or maintain confirmations of SIB CD transactions effected through the firm as required by the Rules. Furthermore, the firm does not independently prepare confirmations of the transactions, but rather relies on SIB to send confirmations to investors. Regarding SEC Rule 10b-10, without copies of confirmations it is unclear if investors receive any notice regarding the commissions paid to SGC for sales of the CDs. While the Disclosure Statement given to U.S. investors includes limited information regarding the commissions received by SGC for the sales of the SIB CDs, the statements are not definitive to the amount of commissions paid on each transaction, only noting that the fees "are currently up to three percent, negotiated annually." It is also not clear that the three per cent referral fee is paid as long as the funds are on deposit. As for sales to foreign investors, the Staff found no evidence the remuneration received by SGC on the SIB CD transactions were being disclosed to the foreign investors, as there is no discussion of SGC's compensation in the sales literature provided to foreign investors and no confirmations were provided for our review. Finally, SGC also failed to disclose to any of its customers any information regarding the compensation that registered representatives may earn in sales contests sponsored by SIB.

D. Excessive Commissions – NASD Rule 2440, NASD Rule 2810, and NASD Rule 2830

SGC failed to abide by limitations imposed by the NASD regarding the amount of commissions that can be charged on any one transaction. As noted earlier, SGC receives three per cent annually on all investments made with SIB. In the case of SIB CDs with a 60-month maturity, the commission rate is therefore equivalent to 15% of the amount invested. Since 15% is in excess of an allowable commission for any kind of securities, the commission on the 60-month transactions clearly violate NASD Rule 2440 regarding Fair Prices and Commissions.

E. Failure to Establish, Maintain, and Enforce Written Supervisory Procedures - NASD Rule 3010(b)(1)

The firm did not have any written supervisory procedures (“WSP”) designed to ensure that customer accounts purchasing SIB CDs were reviewed on a periodic basis and to ensure that transactions in the accounts of foreign investors were suitable.

F. Failure to Conduct Periodic Reviews of Customer Account Activity in SIB CDs - NASD Rule 3010(c)

The firm failed to conduct a periodic review of customer activity in SIB CDs, as the firm maintains that it has no supervisory responsibilities regarding the products. The Staff disagrees with the firm’s position as the Rules place a responsibility for the supervision of all activities on the firm. In addition, given the lack of complete records regarding SIB CD transactions currently maintained by the firm, the firm would be unable to conduct such reviews should it decide to do so.

G. Failure to Develop and Implement an Adequate AML Program - NASD Rule 3011

Inadequate AML procedures

- Although the firm maintains procedures regarding AML reviews, the procedures for branch office reviews do not provide enough detail regarding how reviews will be conducted, the records to be utilized during the review process, and how reviews will be documented. The procedures for the firm’s compliance department reviews are also not specific enough as to how reviews will be conducted, the records to be utilized during the review process, and how reviews will be documented. In addition, the firm has not specifically identified the individual responsible for conducting compliance department reviews.
- The firm’s procedures failed to contain examples of money laundering “red flags” to be used by firm employees to detect possible money laundering. Such “red flag” information should be incorporated into the firm’s procedures.

- The firm had no procedure discussing continued monitoring of customer accounts that it determines are engaged in "suspicious" activity.
- The firm had no procedure to ensure compliance with the Treasury Department's "Travel rule" when facilitating customer requests to wire funds from their customer accounts at Bear Stearns to their accounts or accounts of unrelated third parties. The Staff noted that while the firm had no such procedures, it was providing the required information to Bear Stearns.
- The firm had no written procedures regarding obtaining information concerning the source of its customers' net worth, and income and how a customer's account would be utilized (i.e. anticipated types of trading and trading patterns so that the firm would be able to detect future deviations from expected patterns). The Staff noted that in practice, the firm obtains information regarding the source of its customers' net worth and income, but does not obtain and record information regarding the proposed use of the customers' accounts. None of the account information forms for 25 accounts reviewed by the Staff contained any information regarding the intended use of the accounts.
- The firm's procedures do not require firm personnel to obtain secondary documentary information to verify the identity of U.S. customers (either business entities or individuals). The Staff is unaware of any difference between documentation that should be obtained from non-U.S. customers versus U.S. customers.
- The firm failed to promptly update its AML procedures to designate its current AML officer, although that officer had been functioning in that capacity for approximately two months at the time of the Staff's examination. The firm's AML procedures designated Lea Stinson as its AML officer, when the officer was actually Rep Poppell.
- The firm had no procedure in place designed to ensure that there was no collusion between firm employees and customers with respect to money laundering.
- The firm's policies and procedures generally prohibit the receipt of currency, traveler's checks, and money orders for stock purchases or to be credited to customer accounts; however, the policies and procedures do not designate an individual to be responsible for determining whether cashiering department employees either intentionally or inadvertently receive such instruments. The procedures also do not discuss any reviews to detect the receipt of such instruments or how such reviews would be documented.
- The firm has no written procedure requiring the reporting of any financial interest in an account in a foreign financial institution. The firm's procedures do not address the use of Treasury Form 90-22.1 to report such financial interests and do not designate an individual as responsible for making the filings. The procedures also do not

discuss how the firm will ensure that filings are made by the required filing date or what evidence the firm will maintain of the filings.

Failure to Adequately Implement AML Procedures

- The firm failed to implement written procedures that required it to categorize customer accounts based on degree of risk of money laundering. The firm's procedures required that all accounts be classified as Tier I, II, or III (I representing the lowest risk and III representing the highest risk), and that the frequency of account monitoring be commensurate with the account's risk level. The firm failed to categorize accounts as required by its procedures, and maintained no readily producible list of accounts by risk level. One of the account information forms utilized by the firm contained a section in which firm personnel could indicate the account's risk level, but there was no evidence the section was being completed.
- While the firm's procedures require that firm personnel obtain primary documentary information from all customers opening accounts, the firm failed to implement its procedure in that it failed to obtain documents containing a photograph or similar safeguard for all of its U.S. customers. In addition, the firm did not obtain primary identification for any of its institutional accounts. Specifically, in two instances, the firm failed to obtain documentary information from individual U.S. customers. Such documentation is readily available in the form of driver's licenses. In nine other instances, the firm failed to obtain primary documentary information for business entities, such as articles of incorporation, partnership agreements, or business licenses. One of the nine accounts was a charitable organization which the firm's procedures identified as a level II in terms of risk. One of the nine accounts had produced articles of incorporation, but the document was in Spanish and had not been translated into English.
- The firm's procedures required that it obtain secondary documentary information from non-U.S. individuals opening accounts; however, the firm failed to implement its procedures in this regard. Specifically, in three instances, the firm failed to obtain secondary documentation from non-U.S. customers. In another 13 instances, the firm failed to obtain secondary documentary information from U.S. customers, or non-U.S. business entities opening accounts. The Staff believes that based on the composition of the firm's clientele, it should obtain two forms of documentary identification from all customers.

H. Failure to File Treasury Form 90-22.1 - Bank Secrecy Act Section 103.24

SGC failed to provide documentation that it had reported financial accounts held at SIB during the 2003 calendar year within the time frames set forth in the Treasury's rules. Specifically, the firm was required to file Treasury Form 90-22.1 reflecting its financial interest in a SIB bank account and FlexCD by June 30, 2004. While the firm provided the Staff with a copy of the form and stated that the form had been filed as required by the rule, the firm did not

maintain any documentation reflecting the date the form was filed and the form itself was undated. In addition, the firm was under the mistaken impression that it was not required to file the form for its 2004 holdings in 2005. The form is required to be filed by June 30th of the year following any year in which the firm has any interest in foreign financial accounts.

I. Failure to Deliver the Firm's Privacy Policy to All Customers - Regulation S-P

The firm failed to produce evidence that it had delivered its privacy policy to all new customers upon opening accounts or effecting a securities transaction through the firm. Specifically, there was no evidence that six of 25 customer accounts reviewed by the Staff had received a copy of the firm's privacy policy upon opening their accounts. All of the customers were located in the firm's Miami branch office. The firm was only able to provide a document containing a list of new accounts opened at the Miami office along with the initials of Miami branch office principals. The Staff noted that the document did not contain any specific evidence that the privacy policy had been delivered and that the principal's initials next to customer account numbers did not document delivery. Finally, the documentation provided by the firm as evidence that the privacy policy was delivered was not consistent with the evidence of delivery required to be maintained as discussed in the firm's WSP. The WSP require that a registered principal specifically note that the privacy policy was mailed by writing "PP" (for privacy policy), writing the date the policy was mailed, and initialing the line on the account information form entitled "Have you sent forms to customer?"

J. Failure to Enforce WSP with Regard to Delivery of the Firm's Privacy Policy to Customers - NASD Rule 3010(b)(1)

The firm failed to enforce its WSP with respect to documenting the delivery of its privacy policy to new customers. The firm's WSP contained a requirement that a registered principal initial a line on the new account form indicating that the firm's privacy policy was mailed to the customer and include the date of the mailing. There was no evidence that principals in the firm's Miami office were following the procedure.

K. Failure to Maintain Accurate Financial Ledgers - SEC Rule 17a-3(a)(2)

The firm failed to record all liabilities to its general ledger. The firm maintains several Demand Deposit Accounts ("DDA") at Morgan Chase National bank. As of August 31, 2004, the firm was overdrawn on four accounts. The balances from these accounts were combined with other bank accounts at Morgan Chase instead of being properly recorded as liabilities. The amount of checks drawn in excess of bank balances per the records of a broker-dealer must be included in aggregate indebtedness, unless the broker-dealer carries two or more accounts at the same bank that are separated for the purposes immaterial to SEC Rule 15c3-3 and has an agreement with the bank stipulating that: except for bookkeeping and statement purposes, all such accounts are considered as one; the bank is authorized and agrees to treat these accounts as a single account and to apply balances in any one or more accounts to any debits in any other accounts without further advice or instruction by the firm; in the opinion of the bank's

independent outside counsel, the agreement allows the bank to take the above action and is legally binding under banking, bankruptcy and other applicable federal and state laws.

L. Failure to Meet Continuing Education Requirements - NASD Conduct Rule 1120

The Staff reviewed SGC's continuing education plan for 2003 and found that 18 covered registered persons failed to complete the firm's continuing education training program for that year¹. All covered registered persons included in a member's plan must take all appropriate and reasonable steps to participate in continuing education programs as required by the firm.

Closing Comments

We are bringing the concerns described above to your attention for immediate corrective action, without regard to any other action(s) that may result from the examination. You should not assume that the Registrant's activities not discussed in this letter are in full compliance with the federal securities laws or other applicable rules and regulation.

In connection with our regulatory responsibilities, we request that you inform this office what steps have been taken to correct the above concerns. Before you respond to communications from this office, please refer to the Privacy Act Notice which was delivered to you at the beginning of our examination.

Please acknowledge receipt of this letter by signing and returning to this office the enclosed copy and advise, in writing, within three weeks, what precautions will be taken to assure that future violations of the above provisions will not occur. Additionally, please forward a copy of your response to:

Katrina Carroll
Office of Compliance and Inspection Examinations
U.S. Securities and Exchange Commission
Building 901, Room 2019
450 5th Street, NW
Washington, D.C. 20549

and

Ms. Virginia Jans, District Director
NASD District No. 6
12801 N. Central Expressway, Suite 1050
Dallas, TX 75243

and

¹ The term "covered registered person" shall apply to any registered person with a broker/dealer who has direct contact with customers in the conduct of the broker/dealer's securities sales, trading and investment banking activities, research analyst and immediate supervisors of such persons.

Benette Zivley, Director Inspections and Compliance Division
Texas State Securities Board
P. O. Box 13167
Austin, Texas 78711-3167

We urge you to give this matter your prompt attention. If you have any questions, please contact the undersigned at (817) 900-2601

Sincerely,

JULIE A. PREUITT
ASSISTANT DISTRICT ADMINISTRATOR


By: Gregory Harris
Securities Compliance Examiner

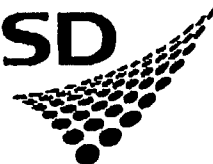
Stanford Group Company

By: _____

KVT-7

Trade Date	Account #	FA Name/#	CUSIP	Security Name	Trade Ref #	Buy/Sell	Number Of Shares	Execution Price	Commis sion Amount	Sale Credit Amount	Principal Amount	Misc Fee Amount	Total Amount
06/02/2008	NJM011072	Norman Blake / Brown Baine	58740XQB9	MERCANTILE BK MICH GRAND RAPIDS CTF DEP ACT/365 3.000% 12/05/08 B/E DTD 06/05/08 SOLICITED ORDER	T09S9W	BUY	50,000.0000	100.0000		62.50	50,000.00	.00	50,004.50
06/02/2008	NJM012500	Jason Fair	45660R7E0	INDYMAC BK FSB PASADENA CALIF CTF DEP ACT/365 3.050% 12/11/08 B/E DTD 06/11/08 SOLICITED ORDER YLD 3.041 TO MAT	T09SK8	BUY	100,000.0000	100.0000		125.00	100,000.00	.00	100,004.50
06/03/2008	NMY120824	Chris Thomas	32117JAA9	FIRST NATL BK & TR CO COLUMBIA MO CTF DEP ACT/365 2.850% 09/08/08 REG DTD 06/06/08 SOLICITED ORDER YLD 2.850 TO MAT	T09W14	BUY	20,000.0000	100.0000		20.00	20,000.00	.00	20,000.00
06/03/2008	NMW001760	Henry Mills/Tiffany Angelle	32117JAA9	FIRST NATL BK & TR CO COLUMBIA MO CTF DEP ACT/365 2.850% 09/08/08 REG DTD 06/06/08 SOLICITED ORDER YLD 2.818 TO MAT	T09W1U	BUY	55,000.0000	100.0000		55.00	55,000.00	.00	55,004.50
06/03/2008	NJM013375	Charles Hughes	98154KEK5	WORLD SVGS BK FSB HOUSTON TEX CTF DEP ACT/365 5.350% 07/11/08 B/E DTD 07/13/07 SOLICITED ORDER YLD 2.958 TO MAT	T09V4E	BUY	50,000.0000	100.2000		100.00	50,100.00	.00	52,515.66
06/03/2008	NJM013375	Charles Hughes	939379JV6	WASHINGTON MUT BK HENDERSON NEV CTF DEP ACT/365 5.350% 07/18/08 B/E DTD 07/18/07 SOLICITED ORDER YLD 2.899 TO MAT	T09V33	BUY	50,000.0000	100.2500		125.00	50,125.00	.00	52,504.02
06/10/2008	NMW031924	Keith Cox/Tiger Blackwell	319600AC6	FIRST CITY BK COLUMBUS OHIO CTF DEP ACT/365 3.400% 06/15/09 B/E DTD 06/13/08 SOLICITED ORDER YLD 3.393 TO MAT	T1AICU	BUY	70,000.0000	100.0000		140.00	70,000.00	.00	70,004.50

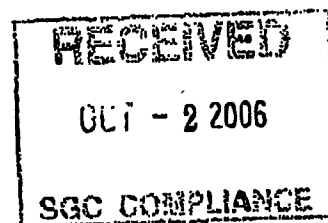
KVT-8

NASD

September 27, 2006

Stanford Group Company
5050 Westheimer, 3rd Floor
Houston, Texas 77056
Attn.: Mr. Ralph E. Poppell, Sr., Vice President and Director of Compliance

Re: Stanford Group Company
OT-20050022037



Ladies and Gentlemen:

This office is continuing its inquiry with respect to the firm's offering of Certificates of Deposit issued by Stanford International Bank.

To facilitate our inquiry, it is requested that you provide a response to each of the apparent deficiencies noted below the:

1. The staff notes that the Disclosure Statement, the International Private Banking brochure, the Flex CD brochure, the Index-Linked CD brochure, and the Fixed CD brochure should have disclosed the fact that the affiliation between Stanford International Bank and Stanford Group Company could create a conflict of interest in the NASD member's offer of the CD investments. Failure to make such a disclosure regarding the affiliation as a conflict of interest is a violation of NASD Conduct Rule 2210(d)(1)(A). Please comment.
2. The Stanford International Bank Ltd. brochure claims to have "No Credit Risk" (page 5) and "No Loan Losses" (page 7). The brochure claims that customers are not exposed to the risks associated with commercial loans, because the bank only lends on a cash-secured basis to existing customers. However, none of the brochures reveal any of the risks associated with the portfolio holdings of the bank, such as market risk and currency risk. The breakdown of portfolio holdings as to category of investment product and the amount of the portfolio in each type of currency is addressed in the Disclosure Statement – however, no specific investments are identified. And, the foreign investors who received the Stanford International Bank Ltd. brochure are not provided with the Disclosure Statement anyway, because it is only delivered to U.S. accredited investors. This is an apparent violation of NASD Conduct Rule 2210(d)(1)(B), in that it misleads customer and may obscure the risks associated with the CD products. Please comment.
3. The Stanford International Bank Ltd. brochure, on page 6, reads "*Prudent Investments. Global investments, not loans, are the primary source of Bank earnings. Interest rates paid to depositors are based on prudent investment return expectations and are reviewed quarterly by the Board of*

Dallas District Office
12801 N. Central Expressway
Suite 1050
Dallas, TX
75243-1778

tel 972 701 8554
fax 972 716 7646
www.nasd.com

App. 381

Stanford Group Company

Attn: Mr. Ralph E. Poppell, Sr., Vice President and Director of Compliance

September 27, 2006

Page 2

Directors. Stanford Group Company has represented that it does not know what is in SIB's portfolio – "No account representative or financial advisor will know the individual securities positions underlying the CD's of Citicorp, Chase Manhattan Bank, Bank of New York, Bank of America, or Wachovia Bank. The most that will be known is precisely what the financial consultants of SGC know –i.e., the allocations of the portfolio among equities, bonds, currencies and metals." (from Chadbourne & Parke, LLP's response of October 3, 2005, in response to the SEC's assertion that the CD's were unsuitable because the financial advisors did not know what was in the underlying portfolios). The breakdown of types of investments and allocations among different currencies is available to registered persons in the "Disclosure Statement", but there is no information on any specific investments.) The assertion that the investments are "prudent" appears to be unwarranted and misleading, in view of the fact that no one at SGC knows what the investments are. This is in apparent violation of NASD Conduct Rule 2210(d)(1)(B). Please comment.

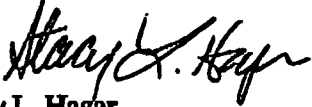
4. Page 8 of the Stanford International Bank Ltd. brochure contains performance graphs comparing SIBL CD's with U.S. Bank CD averages. Such a comparison should have contained detailed and specific disclosure about the differences between the subjects of comparison, i.e., that U.S. Bank CD's are insured by the FDIC, whereas SIBL CD's are not. In addition, there should have been further disclosure of the differences in regulation of U.S. Banks and SIBL; for example, that U.S. banks are subject to regulation by an agency of the U.S. Government, whereas SIB is not subject to such oversight. This is an apparent violation of NASD Conduct Rule 2210(d)(1)(A). Please comment.
5. The Index-Linked CD brochure contains a misleading discussion which implies the investor will be purchasing a portfolio of stocks, bonds, mutual funds, and cash. Specifically, the concern lies with these statements: *"Clients may select from the Nasdaq 100, S&P 500, and DJ EURO STOXX 50 indexes upon initial investment. These indexes offer growth potential and the opportunity to diversify an existing portfolio mix of stocks, bonds, mutual funds, and cash."* This is an apparent violation of NASD Conduct Rule 2210(d)(1)(B). Please comment.
6. The Index-Linked CD accrues interest and makes payment to holders of principal and interest upon maturity. However, the brochure fails to indicate that an investor may have an annual tax liability on an investment that pays no interest until maturity. This is an apparent violation of NASD Conduct Rule 2210(d)(1)(A). Please comment.

This request is made pursuant to NASD Procedural Rule 8210 which requires a member firm and persons associated (or formerly associated) with a member firm to provide information with respect to any matter involved in an investigation, complaint, or proceeding. Your response must be received in this office no later than October 11, 2006.

Stanford Group Company
Attn.: Mr. Ralph E. Poppell, Sr., Vice President and Director of Compliance
September 27, 2006
Page 3

If you have any questions, please contact the undersigned at (972) 701-8554.

Sincerely,



Stacy L. Hagar
Special Investigator

/jw

KVT-9

Yes. Pls coordinate directly with Lisa Wolford. This guy is hellbent on doing a story on us.
YS

-----Original Message-----

From: Hamm, Suzanne
To: Suarez, Yolanda
CC: Hodge, Julie
Sent: Mon Mar 27 11:55:30 2006
Subject: FW: Bloomberg Reporter Call/Baldwyn

Michael Forsyth from Bloomberg contacted Baldwyn High School. Among his many questions (see below), he made a comment that "Laura is awfully young to hold such a high position in the firm."

Sounds like he is definitely "fishing" - did you pass the information on the last time (contacted Rocky's employee) he called to RLM?

Let me know.

Thx

Suzanne

From: Gentry, Mary Grace
Sent: Monday, March 27, 2006 10:30 AM
To: Hamm, Suzanne
Subject: Bloomberg Reporter

Suzanne,

A Bloomberg reporter, Michael, contacted Baldwyn High School last week to inquire about Mr. Davis and Laura. He wanted to confirm that Mr. Davis taught at the school until 1998. He spoke with the school librarian, Roberta McKay, who informed him that Mr. Davis never taught at Baldwyn to her knowledge, but his son graduated from Baldwyn High School in 1998. The reporter confirmed he was inquiring about a James Davis and described his age and position. He asked several questions about his Baldwyn employees and businesses. He also asked if Mr. Davis lived in Baldwyn and questioned his commute to work.

The reporter also inquired about Laura Pendergest and wanted to confirm the year she graduated from Baldwyn High School. Roberta told him to call the Baldwyn School District with further questions. I will let you know if he has contacted anyone else in the community.

Regards,

Mary-Grace

Mary-Grace H. Gentry

Stanford Foundation

6075 Poplar Ave., Suite 300

Memphis, TN 38119

901-537-1624

901-537-1635 (fax)

KVT-10

Dear Friends of Stanford Policy Research:

Welcome to our post-election assessment of policy and politics. We hope to gain some insights on how events may unfold over the next two years in the run-up to the 2008 Presidential election.

We believe Stanford policy research combined with fundamental research, offers one of the unique research models in the industry adding real value to our clients' investment decision making process.

With a national sales force of more than 30 seasoned professionals and a full complement of trading capability in New York, Boston, San Francisco, and Dallas, over 300 financial institutions are numbered among our clients.

We are expanding our international reach, working with our firm's offices and strategic partners in Europe, to bring our insight to a global audience .

We hope that you find the Washington Symposium informative and we look forward to providing a host of quality research services in the future.

Sincerely,
Ed Garlich
*Managing Director,
Head of Policy Research*

November 8 - 9, 2006



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Stanford Group Company	2006 Annual Washington Symposium
WEDNESDAY NOVEMBER 8, 2006	
12:00 p.m.	<i>Luncheon</i> <i>A Global Overview of the Economies and the Markets</i> Laura Pendergest , Chief Investment Officer, Stanford Financial Group of Companies <i>The 2006 Elections and Their Impact on Congress</i> Ron Elving , Senior Washington Editor, National Public Radio
2:00 p.m.	<i>The 2007 U.S. Economic Outlook</i> Dr. Lyle E. Gramley , Former Federal Reserve Board Governor, Senior Economic Adviser, Stanford Policy Research
2:45 p.m.	<i>Break</i>
3:00 p.m.	<i>America: The Land of Opportunity</i> The Honorable John Edwards , 2004 Democratic Vice Presidential Candidate and Former United States Senator from North Carolina <i>The American Political Landscape-2006 & Beyond</i> Andrew Card , White House Chief of Staff (2000-2006)
5:00 p.m.	<i>Reception</i>
6:00 p.m.	<i>Welcoming Remarks</i> James M. Davis , Director and CFO, Stanford Financial Group of Companies <i>The Political Argument Today</i> George Will , Pulitzer Prize Winning Political Columnist
7:15 p.m.	<i>Dinner</i>
8:15 p.m.	<i>Cocktail Reception</i> Presidential Suite
November 8 - 9, 2006	

2006 Annual Washington Symposium Stanford Group Company

THURSDAY, NOVEMBER 9, 2006

7:00 a.m.	Continental Buffet Breakfast
7:45 a.m.	<i>A View of the Equity Market and Leading Industry Groups</i> John A. Mendelson , Senior Vice President and Head of Stanford Market Analysis Group
8:15 a.m.	<i>The Latest Developments and Challenges Facing the Middle East</i> Ambassador Dennis Ross , Washington Institute for Near East Policy
9:00 a.m.	<i>Latin American Landscape</i> Ambassador Peter Romero , President and CEO, Exporior Advisory
9:45 a.m.	Break
10:00 a.m.	<i>The Global Oil Outlook</i> Luis Giusti , Senior Adviser, Center for Strategic and International Studies
11:00 a.m.	<i>Port and Global Supply Chain Security: Where are we Heading?</i> Stephen Flynn , Jeane J. Kirkpatrick Senior Fellow for National Security Studies, Council on Foreign Relations
12:00 p.m.	Luncheon <i>The Future of Asia</i> The Honorable Richard Armitage , Deputy U.S. Secretary of State (2001-2005)
2:00 p.m.	Conference Concludes

NOTE:

Meal functions will be held in Grand Ballroom B

Meeting functions will be held in Grand Ballroom A

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Speaker Biographies

(In Order of Presentation)

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Laura Pendergest

Chief Investment Officer, Stanford Financial Group of Companies

Ms. Pendergest is the Chief Investment Officer of the Stanford Financial Group of affiliated companies. These companies provide brokerage, banking, trust services and investment banking to an international client base with a broad range of investment products.

As a financial executive, Ms. Pendergest is a specialist in technical and fundamental analysis in the global investment markets. In this capacity, she is responsible for overseeing portfolio composition and maintenance and manages corporate proprietary trading and research. In addition, she is an officer with the holding company of the retail brokerage firm, Stanford Group Company. She also sits on the Strategic Investment Committee for Stanford Group of Companies.

Also, Ms. Pendergest has been the author of monthly global reports distributed by the company, including the publication of the Stanford Review and SIB Report.

Ms. Pendergest has received two degrees in Mathematics: Her B.A., Magna Cum Laude from Mississippi University for Women, Columbus, Miss., and her M.S., with honors, from Mississippi State University, Starkville, Miss.

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**Ron Elving***Senior Washington Editor, National Public Radio*

Ron Elving is the Senior Washington Editor for National Public Radio, where he directs coverage of the capital and of national politics and where he is frequently heard as a news commentator. He has been a recipient of the DuPont – Columbia University Award for Excellence in Broadcast Journalism. He was previously the political editor for USA Today and for Congressional Quarterly.

Mr. Elving is an adjunct professor at George Mason University and has also taught at American, Georgetown and Marquette.

He also writes the weekly NPR website column WATCHING WASHINGTON and has been published by the Brookings Institution and the American Political Science Association. His book, *Conflict and Compromise: How Congress Makes the Law*, was published by Simon & Schuster in 1995 and is now a Touchstone paperback.

He came to Washington in 1984 as a Congressional Fellow with the American Political Science Association and worked for two years as a staff member in the House and Senate.

He received his bachelor's degree from Stanford University and master's degrees from the University of Chicago and the University of California – Berkeley.

**Dr. Lyle E. Gramley**

Former Federal Reserve Board Governor, Senior Economic Adviser, Stanford Policy Research

Lyle E. Gramley is a Senior Economic Adviser to the Stanford Policy Research, which provides political, economic and industry research for institutional and corporate investors. Mr. Gramley joined Stanford Policy Research in June 2002. Prior to joining, Mr. Gramley was a Consulting Economist with the Mortgage Bankers Association from 1985 through May 2002.

Previously, Mr. Gramley was one of the seven Governors of the Federal Reserve Board, serving in that capacity from 1980 to 1985. In 1977, Mr. Gramley became a member of the President's Council of Economic Advisers (CEA), where he continued until his appointment to the Federal Reserve Board in May 1980.

Earlier, Mr. Gramley had spent many years as a staff economist in the Federal Reserve System, first with the Federal Reserve Bank of Kansas City and later with the Federal Reserve Board. In 1977, prior to his appointment to the CEA, Mr. Gramley was Director of the Board's Division of Research and Statistics.

Mr. Gramley's fields of specialization include economic forecasting and monetary policy. His experience in both areas is extensive. In his capacity as Director of the Division of Research and Statistics at the Federal Reserve Board, Mr. Gramley was the senior economic forecaster at the Federal Reserve. As a Member of the CEA, Mr. Gramley headed the Carter Administration's forecasting team.

Born in Aurora, Illinois, Mr. Gramley did his undergraduate work at Aurora University and Beloit College. He performed his graduate work at Indiana University, receiving the Ph.D. degree in economics in 1956.

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The Honorable John Edwards

2004 Democratic Vice Presidential Candidate and Former United States Senator from North Carolina

John Edwards was born in Seneca, South Carolina and raised in Robbins, North Carolina, a small town in the Piedmont. There John learned the values of hard work and perseverance from his father, Wallace, who worked in the textile mills for 36 years, and from his mother, Bobbie, who ran a shop and worked at the post office. Working alongside his father at the mill, John developed his strong belief that all Americans deserve an equal opportunity to succeed and be heard.

A proud product of public schools, John became the first person in his family to attend college. He worked his way through North Carolina State University where he graduated with high honors in 1974, and then earned a law degree with honors in 1977 from the University of North Carolina at Chapel Hill.

For the next 20 years, John dedicated his career to representing families and children just like the families he grew up with in Robbins. Standing up against the powerful insurance industry and their armies of lawyers, John helped these families through the darkest moments of their lives to overcome tremendous challenges. His passionate advocacy for people like the folks who worked in the mill with his father earned him respect and recognition across the country.

In 1998, John took this commitment into politics to give a voice in the United States Senate to the people he had represented throughout his career. He ran for the Senate and won, defeating an incumbent Senator.

In Congress, Senator Edwards quickly emerged as a champion for the issues that make a difference to American families: quality health care, better schools, protecting civil liberties, preserving the environment, saving Social

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John Edwards, continued from previous page

Security and Medicare, and reforming the ways campaigns are financed.

As a member of the Select Committee on Intelligence, Senator Edwards worked tirelessly for a strong national defense and to strengthen the security of our homeland. He authored key pieces of legislation on cyber, bio, and port security.

Senator Edwards brought a positive message of change to the 2004 presidential primaries. During the primary season he spoke about the two Americas that exist in our country today: one for people at the top who have everything they need and one for everybody else who struggle to get by. This powerful message resonated with voters all across America.

After the Democratic primaries, Senator John Kerry picked Senator Edwards to serve as his running mate in the 2004 general election, and Senator Edwards crisscrossed the country and campaigned tirelessly on Senator Kerry's behalf.

Today, he is the Director of the Center on Poverty, Work, and Opportunity at the University of North Carolina at Chapel Hill.

Senator Edwards and his wife, Elizabeth, whom he met when both were law students at Chapel Hill, were married in 1977. They have had four children, including: their eldest daughter, Catharine, who lives in New York; seven-year-old Emma Claire, and a five-year-old son, Jack. Their first child, Wade, died in 1996.

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Andrew Card
White House Chief of Staff (2000-2006)

On November 26, 2000, Andrew H. Card, Jr., was appointed to be Chief of Staff in the presidential administration of Texas Governor George W. Bush. Mr. Card was chosen because of his impressive service record in the public and private sector, including serving in the administrations of two former presidents. Mr. Card's last day was April 14, 2006, making him the second-longest serving White House chief of staff.

From 1992 until 1993, Mr. Card served as the 11th U.S. Secretary of Transportation under President George Bush. In August 1992, at the request of President Bush, Secretary Card coordinated the Administration's disaster relief efforts in the wake of Hurricane Andrew. Later that year, Secretary Card directed President Bush's transition office during the transition from the Bush Administration to the Clinton

Administration.

From 1988 to 1992, Mr. Card served in President Bush's administration as Assistant to the President and Deputy Chief of Staff. He managed the daily operations of the White House staff and participated in the full range of economic, foreign, and domestic policy development.

Mr. Card served in President Reagan's administration as Special Assistant to the President for Intergovernmental Affairs and subsequently as Deputy Assistant to the President and Director of Intergovernmental Affairs, where he was liaison to governors, statewide elected officials, state legislators, mayors and other elected officials.

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Andrew Card, continued from previous page

Prior to being named Chief of Staff for the presidential administration of Governor Bush, Mr. Card was General Motors' Vice President of Government Relations since 1999. Mr. Card directed the company's international, national, state and local government affairs activities and represented GM on matters of public policy before Congress and the Administration.

From 1993 to 1998, Mr. Card was President and Chief Executive Officer of the American Automobile Manufacturers Association (AAMA), the trade association whose members were Chrysler Corporation, Ford Motor Company and General Motors Corporation. The AAMA dissolved in December 1998.

He served in the Massachusetts House of Representatives from 1975-1983. In 1982, Mr. Card was named Legislator of the Year by the National Republican Legislators Association and received the Distinguished Legislator Award from the Massachusetts Municipal Association.

Currently, he serves on the board of directors at Union Pacific Corporation.

Mr. Card graduated from the University of South Carolina with a Bachelor of Science degree in engineering. He attended the United States Merchant Marine Academy and the John F. Kennedy School of Government at Harvard University and has received numerous honorary degrees and awards.

A native of Holbrook, Massachusetts, Andy, and his wife Kathleen, have three children and four grandchildren.

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James M. Davis
Director and CFO, Stanford Financial Group of Companies

From Mississippi (USA) to financial centers on four continents, James M. Davis has helped to shape one of the most comprehensive financial services corporations in the world.

Davis graduated from Baylor University's Hankamer School of Business in Waco, Texas. But, it was the relationship with his college roommate, Chairman, R. Allen Stanford, which would set him on a career journey that has lasted more than 33 years.

Through clear vision, hard work and true entrepreneurial spirit, Stanford Financial Group (SFG) has become a network of global financial and affiliated services.

Stanford Financial now employs nearly 4,000 people in over 95 business units located in North and South America, the Caribbean and Europe.

Today, James Davis serves as Director and Chief Financial Officer of the Stanford Financial Group of Companies representing over \$25 billion in assets under management or administration. He has been named to all of the boards and major committees of the SFG affiliates - many of which he serves as Chairman.

Davis is also the author of numerous articles on global investing and investment portfolio management, which have been published in various foreign and U.S. periodicals including Latin Finance, Stanford Review, SIBL Report and Eagle Magazine.

Aside from his significant role in SFG, James Davis takes to heart the financial, educational and spiritual needs

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James M. Davis, continued from previous page

of every community served by the Stanford companies. He sits on the Advisory Board of Derek Prince Ministries, the Professional Advisory Board of St. Jude Children's Research Hospital as well as the Board of Hero House in Antigua, the Board of Directors of the Memphis Sports Development Corporation in Memphis, Tenn., and the Advisory Council for the Rudi Scheidt School of Music at the University of Memphis.

Starting in his carriage house, Mr. Davis was also instrumental in founding a non-denominational, multicultural, community church in Guntown, Miss., that now includes Faith Christian School, a non-profit institution, with grades K-12.

In Memphis, Tenn., where the Stanford Financial offices of the CFO are based, Mr. Davis has directed significant corporate community support to the Regional Chamber of Commerce, the Greater Memphis Arts Council, The Salvation Army, LeBonheur Children's Hospital and numerous other charitable and cultural organizations. He is also seriously committed to the progress of education in our communities.

Recently, James Davis turned his attention back to his roots and become an integral part of the Main Street Association and its work with the renovation and redevelopment in Baldwin, Miss.,. This initiative includes three downtown buildings including a restaurant named the Old Post Office Restaurant located aptly in the historic 1914 Post Office building featuring high-end interior design and a menu of haute-southern cuisine.

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George Will
Pulitzer Prize Winning Political Columnist

George F. Will's newspaper column has been syndicated by *The Washington Post* since 1974. Today it appears twice weekly in just under 500 newspapers in the United States and in Europe. In 1976, he became a regular contributing editor of *Newsweek* magazine, for which he provides a bimonthly back-page essay. In 1977 he won a Pulitzer Prize for commentary in his newspaper columns.

Altogether seven collections of Mr. Will's *Newsweek* and *Washington Post* columns have been published, the most recent being *With A Happy Eye But...: America and the World, 1997-2002* (2002). Mr. Will has also published three books on political theory, *Statecraft as Soulcraft: What Government Does* (1983), *The New Season: A Spectator's Guide to the 1988 Election* (1987) and *Restoration: Congress, Term Limits and The Recovery of Deliberative Democracy* (1992). In 1990, Mr. Will published *Men At Work: The Craft of Baseball*, which topped *The New York Times* bestseller list for two months. In 1998, Scribner published *Bunts: Curt Flood, Camden Yards, Pete Rose and Other Reflections on Baseball*, a best-selling collection of new and previously published writings by Mr. Will on baseball. In July 2000, Mr. Will was a member of Major League Baseball's Blue Ribbon Panel, examining baseball economics.

In 1981, Mr. Will became a founding panel member on ABC television's *This Week*.

Mr. Will was born in Champaign, Illinois, educated at Trinity College in Hartford, Connecticut, Oxford University and Princeton University, where he earned his Ph.D. He has taught political philosophy at Michigan State University, the University of Toronto and Harvard University. Mr. Will served as a staff member in the United States Senate from 1970 to 1972. From 1973 through 1976, he was the *Washington* editor of *National Review* magazine. Today, Mr. Will lives and works in the Washington, D.C. area.

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**John A. Mendelson***Senior Vice President and Head of Stanford Market Analysis Group*

Mr. Mendelson is a technical analyst with Stanford Group Company. His in-depth reports highlight market trends that he sees emerging based on the technical factors he follows, as well as his views on specific industry groups. Mr. Mendelson was recently recognized again by Institutional Investor magazine, as II's Second Team All America for Technical Research. Prior to joining Stanford, he was head of Market Analysis for Schwab Capital Markets as well as for both Morgan Stanley and Dean Witter. He is a graduate of Princeton University.

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Ambassador Dennis Ross
Washington Institute for Near East Policy

Ambassador Dennis Ross is Counselor and Ziegler Distinguished Fellow at the Washington Institute for Near East Policy. For more than 12 years, Ambassador Ross played a leading role in shaping U.S. involvement in the Middle East peace process and dealing directly with the parties in negotiations. He served as Special Middle East Coordinator in the Clinton administration and as director of the policy planning staff at the State Department in the George H.W. Bush administration. A regular commentator on the Fox News Channel, Amb Ross is a frequent contributor to the Washington Post, Financial Times, Los Angeles Times, and U.S. News and World Report. He is the author of *The Missing Peace: The Inside Story of the Fight for Middle East Peace*. His next book, *Statecraft and Restoring America's Place in the World* will be published next spring.

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Ambassador Peter Romero
President and CEO, Expor Advisory

Peter F. Romero is the CEO of Expor Advisory, a Washington DC-based consulting firm that specializes in international business and political advising. Mr. Romero has over twenty-six years of experience negotiating in international markets and politics. He has advised major U.S. corporations on national and local strategies regarding environmental, indigenous, labor, and political issues. In addition, he advises U.S. and foreign companies on capital raising, selecting local partners, acquisitions, and mergers in association with several investment banks.

From July 2001 to April 2003 Mr. Romero served as Managing Director of Violy, Byorum & Partners (VB&P). During this time, he led the advisory and consultancy practice at VB&P, which included foreign-venue dispute resolution and bidding (both public and private). Additionally, Mr. Romero is a board advisor to U.S. and foreign corporations on commercial and financial matters in connection with governmental affairs.

Formerly, Mr. Romero was the Assistant Secretary of State of the new Western Hemisphere Affairs Bureau (an area that stretches from Canada to Chile), where he was the highest-ranking Hispanic in the career U.S. Foreign Service. A twenty-four-year career diplomat, he previously served *inter alia* as Principal Deputy Assistant Secretary, U.S. Ambassador to Ecuador and Chief of Mission of our Embassy in San Salvador.

The bureau Ambassador Romero led is responsible for promoting U.S. interests in the Western Hemisphere in support of strengthening democratic institutions, expanding U.S. trade opportunities and attaining sustainable economic development, including the start of free trade negotiations with Chile.

Ambassador Romero promoted enhanced cooperation on counternarcotics, crime, and poverty reduction. On counternarcotics, he was a principal architect of the Forward Operations Location (FOLS) concept, which now forms the lynchpin of our national security strategy. Ambassador Romero was responsible for making and

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Ambassador Peter Romero, continued from previous page

defending budget proposals before the U.S. Congress and executing an annual operations budget in excess of \$2 billion.

First as U.S. Ambassador to Ecuador, and then as Assistant Secretary of State, Ambassador Romero played a key role in support of the peaceful resolution of the border dispute between Peru and Ecuador. His diplomatic negotiation skills also bore fruit in the peace accords, with their implementation and management of a \$270 million assistance budget between 1991 and 1993 in El Salvador. Ambassador Romero first conceived of "Plan Colombia" and was the principal State Department official to convince the U.S. Congress to appropriate \$1.2 billion in support of the Plan.

Ambassador Romero continues to be sought after for his expertise in investment strategies, national reconciliation, and conflict resolution. He advises Presidents and cabinet members of governments throughout the hemisphere.

Ambassador Romero received the Department's highest award, the Distinguished Honor Award in 2001, the prestigious Equal Employment Opportunity Award in 1998, the Baker-Wilkins Award for leadership of an overseas mission in 1993, and the Walter J. Stoessel Award in recognition of his highly distinguished career, as well as several Superior Honor Awards. He received the highest civilian award from Colombia, the Order of Boyacá, for his contribution to national security and development in that country.

Ambassador Romero is on the board of Special Olympics International, the Stanford Financial Group, the Americas Foundation, the Inter-American Economic Council and was a founding member of the Hispanic Council on International Relations. He is the 2001 recipient of the Roberto Clemente Award from Boricua College for his distinguished public service.

Born in New York, Peter Romero received a Bachelor of Science degree and a Master of Arts degree in International Relations from Florida State University. He speaks fluent English, Spanish and Italian.

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**Luis Giusti***Senior Adviser, Center for Strategic and International Studies*

Luis Giusti, a petroleum engineer and private consultant, has been a senior adviser at CSIS since April 1999, principally in energy and Latin American affairs. In addition, he is a member of the advisory boards of Riverstone-Carlyle and the Stanford Financial Group. He is also a member of the board of governors and special adviser to the chairman of the Centre for Global Energy Studies in London. Between September 2000 and September 2005 he was a non-executive director of Royal Dutch Shell. In academia, he is a member of the advisory boards of the Institute for Latin American Studies at Babson College, The Energy Institute of the University of Houston, the Maguire Energy Institute at Southern Methodist University in Dallas, Texas, and the Institute of Global Studies at George Washington University. He was a member of the task force that issued Strategic Energy Policy Challenges for the 21st Century (Council on Foreign Relations and Institute of Energy of Rice University, 2001). Giusti began his career at Shell Corporation in Venezuela after which, in 1976, he joined Maraven, S.A., an operating affiliate of Petroleos de Venezuela, S.A. (PDVSA). At PDVSA he held diverse positions related to exploration and production, refining, corporate planning, and marketing. In 1994 he was appointed chairman and CEO of the corporation, a job he held until March 1999. Under his leadership, the Venezuelan petroleum sector underwent major reform, which included an opening to private participation, with resulting estimated foreign direct investments of about \$30 billion for the period 1995 to 2004. Over the last five years of his tenure at PDVSA, the company continued to consolidate its international downstream position by completing major deals with Mobil, Phillips, Chevron, and Amerada Hess. He graduated in 1966 from the University of Tulsa, Venezuela, and received an M.S. in petroleum engineering from the University of Tulsa, Oklahoma, in 1971. He is a member of the Advisory boards of Energy Intelligence Group (publisher of PIW, Oil Daily and Energy Compass) and the Inter American Dialog. He is a frequent speaker and publisher in the Oil & Gas circuit.

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**Stephen Flynn**

Jeane J. Kirkpatrick Senior Fellow for National Security Studies, Council on Foreign Relations

Stephen Flynn is a researcher, independent advisor, and frequent commentator on homeland security, global trade and maritime transportation security, and emergency preparedness. He is the author of the critically acclaimed and national bestseller, *America the Vulnerable*. In February 2007, Random House will publish his new book, *The Edge of Disaster: Surviving Catastrophe and Terrorism*. Dr. Flynn is the inaugural occupant of the Jeane J. Kirkpatrick Chair in National Security Studies at the Council on Foreign Relations. Since 9/11 he has provided congressional testimony on homeland security matters on 17 occasions. He spent 20 years as a commissioned officer in the U.S. Coast Guard including two commands at sea, served in the White House Military Office during the George H.W. Bush administration, and was director for Global Issues on the National Security Council staff during the Clinton administration. He holds a Ph.D. and M.A.L.D. from the Fletcher School of Law and Diplomacy and a B.S. from the U.S. Coast Guard Academy.

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The Honorable Richard Armitage
Deputy U.S. Secretary of State (2001-2005)

Beginning March 2005, Richard L. Armitage became President of Armitage International. Previously, his nomination as Deputy Secretary of State was confirmed by the Senate on March 23, 2001. He was sworn in on March 26, 2001.

Prior to returning to government service in 2001, Mr. Armitage was President of Armitage Associates L.C. from May 1993 until March 2001. He had been engaged in a range of worldwide business and public policy endeavors as well as frequent public speaking and writing.

From March 1992 until his departure from public service in May 1993, Mr. Armitage (with the personal rank of Ambassador) directed U.S. assistance to the new independent states (NIS) of the former Soviet Union.

From 1989 through 1992, Mr. Armitage filled key diplomatic positions as Presidential Special Negotiator for the Philippines Military Bases Agreement and Special Mediator for Water in the Middle East. President Bush sent him as a Special Emissary to Jordan's King Hussein during the 1991 Gulf War.

In the Pentagon from June 1983 to May 1989, he served as Assistant Secretary of Defense for International Security Affairs.

In May 1975, Mr. Armitage came to Washington as a Pentagon consultant and was posted in Tehran, Iran, until November 1976. Following two years in the private sector, he took the position as Administrative Assistant to Senator Robert Dole of Kansas in 1978. In the 1980 Reagan campaign, Mr. Armitage was senior advisor to the

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Richard Armitage, continued from previous page

Interim Foreign Policy Advisory board, which prepared the President-Elect for major international policy issues confronting the new administration. From 1981 until June 1983 Mr. Armitage was Deputy Assistant Secretary of Defense for East Asia and Pacific Affairs in the Office of the Secretary of Defense.

Born in 1945, Mr. Armitage graduated in 1967 from the U.S. Naval Academy, where he was commissioned an Ensign in the U.S. Navy. He served on a destroyer stationed on the Vietnam gunline and subsequently completed three combat tours with the riverine/advisory forces in Vietnam. Fluent in Vietnamese, Mr. Armitage left active duty in 1973 and joined the U.S. Defense Attache Office, Saigon. Immediately prior to the fall of Saigon, he organized and led the removal of Vietnamese naval assets and personnel from the country.

He has received numerous U.S. military decorations as well as decorations from the governments of Thailand, Republic of Korea, Bahrain, and Pakistan.

On December 15, 2005, Mr. Armitage was awarded a KBE and became a Knight Commander of the Order of St. Michael and St. George.

Mr. Armitage currently serves on the Board of Directors of ManTech International Corporation and Transcutaneous Technologies, Inc. (TTI) and is a member of The American Academy of Diplomacy. He was most recently awarded the Department of State Distinguished Service Award. He has been awarded the Department of Defense Medal for Distinguished Public Service four times, the Secretary of Defense Medal for Outstanding Public Service, the Chairman of the Joint Chiefs Award for Outstanding Public Service, the Presidential Citizens Medal, presented by the President to citizens who have performed exemplary deeds of service, and the Department of State Distinguished Honor Award.

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Stanford Policy Analyst Biographies

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Edward V. Garlich Jr.
SVP, Sr. Managing Director and Energy Analyst

Mr. Garlich is the Senior Managing Director of Stanford Policy Research. He covers energy policy and geopolitical strategy. He began his career as an aide to former Sen. Gordon Allott (R-Colo.). He has worked on a number of senatorial and presidential campaigns and was an analyst with the Center for Strategic and International Studies at Georgetown. He was also a member of the International Institute for Strategic Studies in London. In addition, Mr. Garlich was a government affairs specialist with a number of national trade associations. Mr. Garlich received his bachelor's degree from Georgetown University's School of Foreign Service and did graduate work at the Johns Hopkins School of Advanced International Studies.

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Anne Mathias, CFA
SVP, Director of Research



Ms. Mathias serves as Stanford Policy Research's Director of Research and covers pension and retirement issues. Prior to joining Stanford, Ms. Mathias was a General Partner in health care and biotech private equity funds investing in the United States and internationally. She has also served as a Senior Consultant for an international management consulting practice of Deloitte & Touche. She became a CFA Charterholder in 1999 and is a member of the CFA Institute. She received a bachelor's degree (Cum Laude, Phi Beta Kappa) in Spanish from the University of Maryland and a master's degree (with honors) in International Affairs from Georgetown University. She speaks Spanish and French.

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David E. Baker, Brig. Gen. (USAF, Ret.)
SVP, National Security/Defense Analyst

Gen. Baker covers the aerospace/defense sector; national security policy/strategy; technology related to global information operations for commercial and military purposes; and the war on terror, including cyber-terrorism. He was a highly decorated combat veteran fighter pilot and most recently served on the Joint Chiefs of Staff as the Deputy Director of Operations. In addition, the General flew over 20 combat missions in the F-15E during Operation Desert Storm. He received a BBA from Hofstra University and a MBA from the University of Hawaii (Beta Gamma Sigma). He is a 1996 graduate of the Johns Hopkins School of Advanced International Studies (SAIS) program and an alumnus of the Collège de la Défense Nationale (Canada), the Defense Institute for Security Assistance Management, and the Air War College.

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David Blaszcak
SVP, Medical Technology Analyst

Mr. Blaszcak specializes in the area of medical technology, pharmaceutical, and health services policy issues. Prior to joining Stanford, Mr. Blaszcak worked in the Office of the Administrator at the Centers for Medicare and Medicaid Services. He worked on the implementation of the Medicare Modernization Act, working with key administration officials in HHS, White House staff, and the office of the Senate Majority Leader. In addition, Mr. Blaszcak has prior experience with state government and the health insurance industry. He is a member of the American College of Health Care Executives and the Center for Health Transformation. He earned a bachelor's degree in Health Administration and a master's in Public Policy from the University of Maryland, Baltimore.

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Gregory K. Frykman, M.D.
SVP, Pharmaceutical Analyst

Dr. Frykman covers the pharmaceutical and biotechnology industry with a focus on scientific, medical and regulatory aspects of cancer therapies. Formerly, Dr. Frykman worked as a medical reviewer in both the Division of Oncology Drug Products and the Center for Biologics at the Food and Drug Administration. He remains on the active medical staff at Montgomery General Hospital. He earned a bachelor's degree in Physics and a Medical Doctorate, both from Loma Linda University; an Internal Medicine residency at the USC-Los Angeles County Medical Center; a Medical Oncology fellowship at the Johns Hopkins University; and additional training in Developmental Therapeutics at the National Cancer Institute. He is ABIM board certified in Internal Medicine, Hematology and Medical Oncology.

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**Paul Gallant***SVP, Cable & Media Analyst*

Mr. Gallant covers cable, satellite and broadcast policy for Stanford Policy Research. Prior to joining Stanford, Mr. Gallant served as legal advisor for media policy to FCC Chairman Michael Powell. Previously he had served as legal advisor on telecommunications issues to FCC Commissioners James Quello and Gloria Tristani. He also held senior government affairs posts with Qwest Communications and Broadband Office. Mr. Gallant earned a law degree from Catholic University and a bachelor's degree from Georgetown University.

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Paul L. Glenchur
SVP, Telecom Services Analyst

Mr. Glenchur covers issues in the telecommunications and cable industries. Prior to joining Stanford, he served as an attorney in the Common Carrier and Cable Bureaus of the Federal Communications Commission. He was previously associated with the Washington, D.C., firm of Miller & Chevalier and served as an official in the Office of Congressional Affairs at the U.S. Department of Energy. He has also served as a judicial law clerk in the United States Court of Appeals for the Ninth Circuit.

Mr. Glenchur earned a law degree from Hastings College of Law at the University of California. He is a member of the State Bar of California, the District of Columbia Bar, and the Federal Communications Bar Association. Mr. Glenchur graduated with honors from the University of California, Berkeley.

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Lyle E. Gramley
Senior Economic Advisor

Mr. Gramley specializes in economic forecasting and monetary policy issues. Prior to joining Stanford Policy Research in 2002, he was a Consulting Economist with the Mortgage Bankers Association. Previously, Mr. Gramley was one of the seven Governors of the Federal Reserve Board and served in that capacity for five years. Mr. Gramley spent many years as a staff economist in the Federal Reserve System, and in 1977, Mr. Gramley served as a member of the President's Council of Economic Advisers. Mr. Gramley completed his undergraduate work at Aurora University and Beloit College and earned his Ph.D. in economics from Indiana University.

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Jeremy Grant
SVP, Identity Solutions Analyst

Mr. Grant covers the biometrics, ID management and RFID industries analyzing the current and future market for the emerging ID management industry. Mr. Grant has a decade of experience in the biometrics and ID management business, both in industry and government. Prior to joining, Stanford, Mr. Grant was Vice President in the Intelligent Technologies Division of Maximus, Inc., where he led the division's Security and Identity Management practice. In this position, he played a major role in a number of the federal government's largest identity management programs. Mr. Grant has a B.S from the University of Michigan, Ann Arbor and has done graduate work at George Washington University in Washington, D.C.

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Francesca McCann
SVP, Sr. Water Industry Analyst

Ms. McCann covers the water industry, including water utilities and equipment/treatment companies and has developed niche coverage of the international water sector. Ms. McCann received her MBA from the UCLA Anderson School with a concentration in International Finance. Her professional career includes a political appointment at the U.S. Department of Energy, international work in Latin American trade policy at the U.S. Chamber of Commerce and business development at the French Embassy. Ms. McCann holds a bachelor's degree in International Political-Economy from Colorado College. She is fluent in Spanish and speaks French and German.

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Mark McMinimy
SVP, Agribusiness/Ethanol/Tobacco Analyst

Mr. McMinimy specializes in agribusiness, food products and the tobacco industry. Prior to joining Stanford Policy Research, he was a statistician and editor for the United Nations Food & Agriculture Organization in Rome. He also was Associate Editor for Milling and Baking News. Prior to that, Mr. McMinimy was an agriculture policy analyst for the Congressional Research Service, and he served as a legislative aide to Rep. Dan Glickman (D-Kan.), the former Secretary of Agriculture. Mr. McMinimy began his career as a commodity analyst for tropical products for Schnitker Associates, a Washington-based consulting firm. He received his bachelor's degree in History from the University of Delaware, and speaks Italian and French.



Josephine Millward, CFA
SVP, Homeland Security Analyst

Ms. Millward covers the emerging homeland security industry analyzing major homeland security policy, programs, and spending on the nation's airports, seaports, first responders, critical infrastructure facilities, and land border crossings. Prior to joining Stanford, she was an equity research associate analyst at JP Morgan Chase, covering global communications technology companies. She was also an investment officer at the World Bank, working on investment manager selection and portfolio construction for the Bank's \$12 billion pension plan. She began her career in corporate finance at Enron, analyzing and structuring energy and telecom capital deals. Ms. Millward received her MBA from Georgetown University and bachelor's degree in business administration from the University of California, Riverside.

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Erik R. Olbeter, CFA
SVP, Government IT Services Analyst

Mr. Olbeter covers the technology sector. He specializes in analyzing legislative, regulatory and budgetary issues that impact software, IT services and network equipment companies. Prior to joining Stanford, he worked at the Economic Strategy Institute, where he gained national attention for his work on E-commerce, Internet access and telephony, and other national and international Internet issues and their implications for the economy, corporations and public policy. Mr. Olbeter received a bachelor's degree in Economics and Political Science from Rutgers University in New Jersey. He received his master's degree in Public Policy from Georgetown University where he concentrated on Econometric Analysis and Telecommunications Policy.

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Jaret Seiberg
SVP, Financial Services/Asbestos Analyst

Mr. Seiberg covers financial services policy and asbestos reform for Stanford Policy Research. Prior to joining Stanford, Mr. Seiberg spent more than a decade following Washington policy developments, most recently as the Washington Bureau Chief and Assistant Managing Editor of *The Deal* and *The Daily Deal*. Prior to that he was the Deputy Bureau Chief for the American Banker. He was honored by the Journal of Financial Reporting as one of the top business journalists and was a Finalist for the Neal National Business Journalism Award for Best News Coverage in 2004. He has a B.A. from American University in Washington, D.C., and an M.B.A. from the University of Maryland at College Park.

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Christine Tezak
SVP, Electricity, Natural Gas and Energy Policy Analyst

Ms. Tezak has covered the federally-regulated electricity and natural gas sectors since 2000 and environmental policy since 1992. Her environmental background provides a unique perspective as energy and environmental issues continue to converge. She has testified before the Federal Energy Regulatory Commission and the U.S. House of Representatives. She is a six-term board member and current President of the Washington-based Women's Council on Energy & the Environment and a member of the Natural Gas Roundtable. Prior to joining the Washington Research Group, Ms. Tezak was a research associate with HSBC Securities, Inc. and with NatWest Securities. Ms. Tezak received her bachelor's degree in Russian from Boston College and her MBA in Finance from The George Washington University.

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Joanne L. Thornton
SVP, Director of International Research

Ms. Thornton specializes in the areas of international trade and foreign policy and serves as Director of International Research. Prior to joining, Stanford Policy Research in 1979, she was an analyst at the Center for International Security, a foreign policy research organization. Ms. Thornton earned a bachelor of arts in Political Science and French from Duquesne University, and a master's degree in International Affairs from The George Washington University. She is a member of Phi Sigma Iota, the foreign language honor society.

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Gregory R. Valliere
SVP, Chief Political Strategist

Mr. Valliere covers politics, and federal monetary and tax policy. He began his career at *The Washington Post* and later became Chief Congressional Correspondent and then News Editor of “*F-D-C*” *Reports*, a trade publication that monitors the drug and cosmetic industries. He is a frequent guest on CNBC’s “Market Wrap,” as well as a frequent co-host of “Squawk Box.” Mr. Valliere earned a bachelor’s degree in Journalism from The George Washington University, where for several years he taught a course in newsletter writing.

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Eric Weissenstein
SVP, Health Care Analyst



Mr. Weissenstein covers health care services and pharmaceutical policy issues. He was formerly the Washington Bureau Chief for *Modern Healthcare* magazine, and a reporter for *Advertising Age* magazine. He began his career as a Certified Public Accountant in the Chicago office of Ernst & Young. Mr. Weissenstein earned a bachelor's degree in Accounting at Millikin University, Decatur, Illinois, and a master's degree in Journalism at the University of Illinois, Champaign-Urbana.

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John A. Mendelson
SVP, Technical Research Analyst

Mr. Mendelson is a technical analyst with Stanford Group Company. His in-depth reports highlight market trends that he sees emerging based on the technical factors he follows, as well as his views on specific industry groups. Mr. Mendelson was recently recognized again by Institutional Investor magazine, as II's Second Team All America for Technical Research. Prior to joining Stanford, he was head of Market Analysis for Schwab Capital Markets as well as for both Morgan Stanley and Dean Witter. He is a graduate of Princeton University.

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Scott B. Evans, CMT
SVP, Technical Research Analyst

Mr. Evans is a technical analyst with Stanford Market Analysis. Prior to joining Stanford, Evans was a vice president of market analysis with the Leerink Swann & Companies and previous to that spent four years as an analyst with Charles Schwab's Capital Markets division. Mr. Evans received a bachelor's degree from Wittenberg University and holds a Certified Market Technician (CMT) designation.

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Philip L. Dodge, CFA

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Kevin B. Reynolds, CFA

J. Cory Shipman

Douglas B. Rainwater, CFA, CPA

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Biotechnology Biren Amin	Semiconductor Equipment & Materials Timothy Summers
Healthcare Services / Facilities Research Gary Lieberman	Semiconductors Christopher Chaney
Pharmaceutical Outsourcing and Healthcare IT Rebecca Jones Kujawa	Semiconductors (Communications) Tim Kellis
	Communications Equipment Carter Driscoll
Water / Environment Francesca McCann	Network Security & Infrastructure Software Gary Spivak
	Internet Software & Services Rodney Ratliff
	Enterprise Software Neil Herman
	Wireless Technology Michael Nelson
	Government Services Eric R. Olbeter, CFA
	Homeland Security Josephine Millward
	Identity Solutions Jeremy Grant

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Andre Yovanovitch

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415-623-7105 - f ax

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Anson Sager
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Ed Waller

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KVT-11

From: Davis, James
Sent: Friday, October 18, 2002 9:55 PM
To: Case 3:09-cv-00724-N-BG Document 1399-5 Filed 11/20/15 Page 85 of 87 PageID 20986
Subject: SFGC Global
Memphis Update

Attachments: report.doc

-----Original Message-----

From: Sheppard, Heather
Sent: Friday, October 18, 2002 3:50 PM
To: Davis, James
Subject:

To: SFGC Global

From: James M. Davis, CFO

Date: October 17, 2002

Subject: Memphis Office Update

Within our corporate strategic plan, a major goal is to conceive, plan, and implement a comprehensive investment strategy for the Stanford Group of Companies. At issue here is the desire to bring the wealth management concept to our many separate units that serve thousands of customers worldwide. We are presently building a wealth management framework that will be instrumental in guiding the creation and implementation of the various business models for all of our companies for the ultimate benefit of all our esteemed customers. Up until now, much of this framework and action and interaction by company has been intuitive. However, we are working on the formal strategic investment plan scheduling early first quarter 2003 to begin company-by-company small group meetings for the purpose of review, input, and enhancement. In these small group meetings, we will further refine individual applications of the investment strategy so that each department, each company, each division, and each unit understands fully how their teams relate to the plan and how the plan relates to their teams.

As an integral part of our overall investment strategy, over the past three and one half years I have been working with Laura Pendergest Amy and her investment research team to create a world-class portfolio research management and trading division. Historically, my office has implemented the Board of Director's investment management philosophy by using the global expertise of proven advisory relationships. This has been a successful model. However, the Stanford Group has grown immensely over recent years and the strategy of the Board of Directors, with respect to investment management, has been modified so as to directly manage our various portfolios, trading activities, and research in an ever-increasing way. To that end, Laura has hired and trained an elite group of managers and analysts; as a consequence, over the past twenty-four months we have measurably increased the hands-on management of a large part of our traditional portfolios and the lion's share of economic and market research. On the alternative investment front, Laura's team has conceived, planned, and

implemented some half dozen trend following trading systems. These systems have been exhaustively back-tested through the alpha testing stage and two of the systems have completed beta testing and are now trading live with spectacular results. Therefore, we are still executing our tried and true investment philosophy, but with significantly more direct hands on management.

Investments and Research Division:

The most important resource of any company division, department, unit, or project is the human element. I believe in growth, for without it our group will wither on the vine. We have experienced considerable growth company wide and in the Investments and Research division - in quality and quantity. Consistent growth is primarily a product of a strong resource of talent.

Leading the growth on the investment front has been our Managing Director of Investments and Research, Laura Pendergest Amy. Laura came to Stanford from Mississippi State University six years ago after receiving her Master's Degree in Mathematics with honors. Following an intensive three-year management and technical training program as a Research Analyst and Proprietary Trader, Laura was promoted to Portfolio Manager where she had personal responsibility for several hundred million dollars of assets under management. It was during her tenure in this position that she single-handedly built the investment and research division as we know it today.

Earlier this year, Laura was promoted to the position of Managing Director of Investments and Research, reporting to the Chief Financial Officer, and as such the Investment Committee of the Board of Directors. In this position Laura oversees research, proprietary trading, portfolio management and implements investment strategy for the Group. Laura and her team manage in excess of 1.6 billion in assets as they interact globally for the benefit of the Stanford companies, especially for SIBL, STCL, BOA and SFG.

Please join me and offer congratulations to Laura for her recent promotion and for the job she and her team have done this year.

As we continue to grow I urge you to utilize the Memphis team in any way that you feel will bring value to your operation. Laura is the manager of this office. Contact Laura with all Investments and Research issues and other day-to-day concerns where the Memphis office is involved.